IN REPLY
REFER TO   AQOE

NOV   8 1996

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS

SUBJECT: Revised Contract Property Management Metrics

The contract property management metrics have been revised. A detailed description of the revised property metrics is attached.

Metric number 4.3.1, Plant Clearance Cycle Time, has been replaced with a new metric, Percent of Excess Property Reutilized and Sales Proceeds. The goal of this metric is to maximize the return on customer assets by increasing the percentage of Government property that is reutilized and increasing the amount of sales proceeds that are realized, and is designed to focus the attention of our Plant Clearance personnel on these areas. However, we should not lose sight of the fact that cycle time is still an important element within the plant clearance process. Plant Clearance Officers should continue to monitor their cases for timely completion, especially since the forthcoming revised FAR will provide for contractors to charge for storage of excess property if the Plant Clearance Officer does not issue disposal instructions within 120 days from the opening date of the plant clearance case.

Two entirely new metrics have also been developed. These tie directly to two of our property management goals – influencing our customers to provide less Government property to contractors and ensuring that contractors are promptly identifying and reporting excess property. The first metric, which is titled Reduction in the Amount of DoD Property , compares the annual total additions of DoD property in the possession of contractors with the total deletions. This data, which originates in the DD Form 1662 annual property report, will be stratified in various ways (by procuring command, by contractor, etc.) and used as one tool in helping our customers make more discriminating decisions about whether to provide property to contractors. The goal is an annual reduction in the total amount of Government property in the possession of contractors. DCMC Property Administrators can contribute to this goal by performing thorough reviews of both the acquisition and utilization functions of the annual property control system analysis (as described in DoD 4161.2-M, DoD Manual for the Performance of Contract Property Administration), and challenging unauthorized acquisition and unjustified retention of Government property by contractors.

The other new metric is Percent of Property Reported Excess. This metric compares the percentage of the acquisition cost of Government property reported excess during the reporting period with the total acquisition cost of all DoD property in the possession of contractors, and focuses attention on ensuring prompt identification and reporting of excess property by

contractors. The goal is an increase in the percentage of Government property that is declared excess by contractors. Success in meeting this goal will require Property Administrators to perform comprehensive utilization reviews as part of the annual property control system analysis, and ensure that contractors have adequate processes to screen internally for excess property and are in fact promptly identifying and reporting excess property.

A minor revision has been made to metric 3.2.2, Percent of System Analyses Completed, in order to clarify that we are measuring the cumulative number of system analyses completed against the total number planned. There are no changes to the remaining contract property management metrics. These revised metrics do not require any additional reporting by DCMC personnel. However, continuous improvement in meeting the goals measured by these metrics will require Property Administrators to increase their focus in the areas of acquisition, utilization, and disposition. The revised metrics will be incorporated into the updated DCMC Metrics Guide. Please direct any questions you may have to Mr. Paul Farley at (703)767-2443.

JILL E. PETTIBONE
Executive Director
Contract Management Policy

Attachment

3.2 *Property Management*

PURPOSE: To ensure contractors who possess government property establish a system which serves to control, protect, preserve, and maintain all government property in their possession or in the possession of their subcontractors. And, to further ensure, that incidents of loss, damage, destruction, unauthorized use, and unreasonable consumption of government property are uncovered and reported.

Metrics Operational Definitions:

3.2.1 Amount of Loss, Damage and Destruction (LDD)

Definition: The dollar amount of DoD property in the possession of contractors and their subcontractors which is lost, damaged, or destroyed.

Population: DoD property in the custody of contractors and their subcontractors as reported annually on DD Form 1662. *Note: This remains constant throughout the year.*

Source: Data to populate the metric resides in the Contract Property Management System (CPMS) and the Liability Case File Register (DLA Form 1506).

Computation The dollar amount of LDD property is calculated by totaling the amounts of loss, damage, or destruction to any item of property in the population that occurs during the period. *Notes: Amounts are reported by the property administrator at the prime contractor location at the end of the month during which the property case was closed. When property is damaged, only the damage value is reported, not the acquisition cost, e.g., $90K LDD to a $1M item of property, report $90K.*

Stratification: The amount of LDD is stratified by District and CAO. When the metric is fully automated, stratification will expand to include Team, Service, and Buying Activity.

Desired Outcome: The desired outcome is continuous improvement of the process so that the amount of loss, damage, and destruction of DoD property in the possession of contractors and their subcontractors is minimized. When incidents of LDD do occur, the desired outcome is that they do not go undetected but are identified and fully investigated by DCMC.

Data Input Instruction: Enter the amounts of LDD listed below into the corresponding cells on the Property Management screen of the DCMC Metrics System Transition Application (MSTA). *Note: The number in parentheses refers to the MSTA cell designation shown on Page 49 of the MSTA Users Guide.*

Data Elements:

Amount of LDD with Satisfactory Systems (12.2.1) - The dollar amount of DoD property which is lost, damaged, or destroyed where the contractor possessing the property has a property control system that DCMC has found to be satisfactory.
Notes: Amounts are reported by the property administrator at the prime contractor location at the end of the month during which the property case was closed. When property is damaged, only the damage value is reported, not the acquisition cost, e.g., $90K LDD to a $1M item of property, report $90K.

Amount Cost of LDD with Unsatisfactory Systems (12.2.2) - The dollar amount of DoD property which is lost, damaged, or destroyed where the contractor possessing the property has a property control system that DCMC has found to be unsatisfactory. *Notes: Amounts are reported by the property administrator at the prime contractor location at the end of the month during which the property case was closed. When property is damaged, only the damage value is reported, not the acquisition cost, e.g., $90K LDD to a $1M item of property, report $90K.*

3.2.2 Percent of System Analyses Completed

Definition: The percentage of planned annual Property Control Systems Analyses which are completed in accordance with the plan or within the time allowed following receipt of contract.

Population: All Property Control System Analyses scheduled to be conducted during the fiscal year according to the contract administration office's plan.

Source: Data to populate the metric resides within the DCMC Property Automated Data System (DPADS).

Computation: The percent of property control system analyses completed is calculated by dividing the quality of property control system analyses the contract administration office completed year to date by the quantity of analyses in the population and multiplying the result by 100.

Stratification: The percent of analyses completed is stratified by District and CAO. When the measure is fully automated stratification will expand to include Team.

Desired Outcome: The desired outcome is continuous improvement of the process so that all initial property control system analyses are conducted within the time allowed from receipt of contract and that all other analyses are completed during the fiscal year as planned.

Data Input Instructions: Enter the following quantities on the Property Management screen of the DCMC Metrics System Transition Application (MSTA). *Note: The number in parentheses refers to the MSTA cell designation shown on Page 49 of the MSTA Users Guide.*

Data Elements:

Analyses Scheduled (12.2.3) - The quantity of property control system analyses scheduled to be completed by the contract administration office during the fiscal year..

Analyses Completed (12.2.4) - The total quantity of property control system analyses completed by the contract administration office year to date.

Unsatisfactory System (12.2.5) - The quantity of property control system analyses at the contract administration office year to date that contain a conclusion that the contractor's system is unsatisfactory.

Withdrawn/Withheld Systems (12.2.6) - The quantity of property control system analyses at the contract administration office year to date that result in the withdrawal or withholding of a previously approved system.

3.2.x Reduction in the Amount of DOD Property

Definition: The percentage of reduction of the acquisition cost of DOD property in the possession of DOD contractors that is added to the annual inventory of property compared to the acquisition cost of property that is deleted from the annual inventory of property. *Note: The percentage is calculated annually at the end of the fiscal year.*

Population: All DOD property in the possession of contractors and their subcontractors at the end of the current fiscal year. *Note: This includes only property on contracts administered by DCMC.*

Source: Data to populate the metric resides in the Contract Property Management System (CPMS

Computation: The percent of reduction of DoD property in the possession of contractors is calculated by subtracting the total acquisition cost of DoD property in the population from the total acquisition cost of DoD property in the possession of contractors at the end of the previous fiscal year. The remainder is then divided by the acquisition cost of DoD property in the possession of contractors at the end of the previous fiscal year and multiplying the result by 100.

Stratification: The percent reduction of property is stratified by District, CAO, Service, Buying Activity, Contractor, Contract Type, and Type of Property.

Desired Outcome: The desired outcome is continuous improvement of the process so that the acquisition cost of DoD property in the possession of contractors decreases annually.

Data Input Instructions: None. Data to populate this metric will not be available until the Automated Metrics System is deployed.

Data Elements:

Total Acquisition Cost of All DoD Property - The total dollar amount of DoD property in the custody of contractors and their subcontractors as reported annually on DD Form 1662. *Note: This amount remains constant throughout the fiscal year.*

Total Acquisition Cost of Added DoD Property - The total dollar amount of DoD property in the custody of contractors and their subcontractors that was added during the fiscal year as reported annually on DD Form 1662.

Total Acquisition Cost of Deleted DoD Property - The total dollar amount of DoD property in the custody of contractors and their subcontractors that was deleted during the fiscal year as reported annually on DD Form 1662.

3.2.x.x Percent of Property Reported Excess

Definition: The percent of the acquisition cost of Government property that was reported excess during the period.

Population: All Government property in the possession of contractors at the end of the period.

Source: Data to populate this metric resides in the Contract Property Management System (CPMS) and the DCMC Automated Disposition System (DADS).

Computation: The percent of property reported excess is calculated by dividing the acquisition cost of all property reported excess during the period by the total acquisition cost of all property in the population.

Stratification: The percent excess is stratified by District, CAO, Service, Buying Activity, and Contractor

Desired Outcome: The desired outcome is continual improvement of the process so that the overall amount of property in possession of contractors is decreased by virtue of an increase in the percent of property reported excess.

Data Input Instructions: None. Data to populate this metric will not be available until the Automated Metrics System is deployed.

Data Elements:

Total Acquisition Cost of All DoD Property - The total dollar amount of DoD property in the custody of contractors and their subcontractors as reported annually on DD Form 1662. *Note: This amount remains constant throughout the fiscal year.*

Total Acquisition Cost of Excess Property- The total dollar amount of DoD property reported excess during the period

Data Constraints:

Data to calculate property management metrics is dependent on the contract administration office's thoroughness, timeliness, and accuracy in entering the amounts of government property in the possession of contractors and in the possession of their subcontractors into the CPMS, DADS, and DPADS. The accuracy and timely reporting of the amounts of loss, damage, or destruction of government property is contingent on the contract administration office's thoroughness in identifying such occurrences.

Process Owner:

Property, Closeout, and Terminations Team, AQOE, (703) 767-3413.

4.3 *Plant Clearance*

Purpose: To screen, redistribute, and dispose of excess government property which is no longer needed by contractors to perform on their contracts.

Metric Operational Definitions:

4.3.1 Percent of Excess Property Reutilized and Sales Proceeds

Definition: The percent of available property reutilized plus proceeds received during the period.

Population: The total acquisition cost of property dispositioned during the period.

Source: Data to populate this metric resides in the DCMC Automated Disposition System (DADS).

Computation: The percent reutilized is calculated by dividing the sum of the value of property reutilized within the federal Government or donated to state and local governments plus the amount of sale proceeds for sales of surplus property by the population and multiplying the result by 100.

Stratification: Percent reutilization is stratified by District, CAO, and Service.

Desired Outcome: Is continuous improvement of the process to maximize the return on customer assets by increasing the percentage of excess assets that are reutilized plus and proceeds from sales.

Data Input Instructions: None. Data to populate this metric will not be available until the Automated Metrics System is deployed.

Data Elements:

Acquisition Cost of Property Dispositioned - The total acquisition cost of all property included in all plant clearance cases closed by the contract administration office during the period.

Acquisition Cost of Property Reutilized - The acquisition cost of all property included in plant clearance cases closed by the contract administration office during the period that was disposed through the reutilization of the property.

Amount of Sales Proceeds - The dollar amount realized from sales of surplus government property that occur during the period.

4.3.2 Percent of Overage Cases On-Hand

Definition: The percent of plant clearance cases on-hand at the contract administration office at the end of the period which are overage.

Population: All plant clearance cases on-hand at the contract administration office at the end of the period.

Source: Data to populate the metric resides within the DCMC Automated Disposal System (DADS).

Computation: The overage rate is computed by dividing the quantity of cases in the population which are overage by the total quantity of cases in the population. Multiply by 100. *Note: To determine if a case is overage, subtract the Julian date the case was opened from the Julian date of the last day of the period. If the result is **more than, i.e. greater than** 120 for a nonreportable case or 180 for a reportable case, the case is overage and is to be included in the numerator of the above calculation.*

Stratification: Percent of overage is stratified by District, CAO, and Type Case. When the Automated Metrics System is deployed, stratifications will expand to include Contractor, Service, Buying Activity, and Team.

Desired Outcome The desired outcome is continuous improvement of the process so that all cases are completed within allowable time frames without a loss of quality or an increase in costs.

Data Input Instructions: Enter the quantities for the data elements listed below into the corresponding cells on the Plant Clearance screen of the DCMC Metrics System Transition Application (MSTA): Note: The number in parentheses refers to the MSTA cell designation shown on Page 73 of the MSTA Users Guide.

Data Elements:

Reportable Cases On-Hand (21.2.3) - The quantity of reportable plant clearance cases on-hand at the contract administration offices at the end of the period.

Reportable Cases Overage (21.2.4) - The quantity of reportable plant clearance cases on-hand at the contract administration offices at the end of the period had been open for more than 180 days on the last day of the period.

Non-Reportable Cases On-Hand (21.2.5) - The quantity of non-reportable plant clearance cases on-hand at the contract administration office at the end of the period.

Non-Reportable Cases Overage (21.2.6) - The quantity of non-reportable plant clearance case on-hand at the contract administration office at the end of the period that had been open for more than 120 days on the last day of the period.

Data Constraints:

The above metrics are dependent on the contract administration office's thoroughness in maintaining the integrity of the DCMC Automated Disposition System (DADS).

Process Owner:

Property, Closeout and Termination Team (AQOE) 767-3413